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PP RUEHBI RUEHCI RUEHDBU RUEHLH RUEHNEH RUEHPW
DE RUEHKA #0476/01 1330724
ZNY CCCCC ZZH
P 130724Z MAY 09
FM AMEMBASSY DHAKA
TO RUEHC/SECSTATE WASHDC PRIORITY 8809
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUEHGO/AMEMBASSY RANGOON PRIORITY 2850
RHHMUNA/USCINCPAC HONOLULU HI PRIORITY

C O N F I D E N T I A L SECTION 01 OF 05 DHAKA 000476

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E.O. 12958: DECL: 05/07/2019
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SUBJECT: CHITTAGONG HILL TRACTS: COMPETING TRANSNATIONAL
AND DOMESTIC CHALLENGES HAMPER DEVELOPMENT

REF: 2008 DHAKA 1254

Classified By: Ambassador James F. Moriarty for reasons 1.4 (b) and (d)

SUMMARY

11. (U) The Chittagong Hill Tracts (CHT) is a region of serious concern for the stability of Bangladesh. Strife between indigenous ethnic groups and lowland Bengali migrants led to a long insurgency by the indigenous people in the 1980s and 1990s. The insurgency ended with the 1997 signing of the Chittagong Hill Tracts Peace Accord. But the potential for violent extremism due to unresolved historical conflicts and the partial implementation of the Peace Accord continues. The remoteness of the region and its proximity across porous borders from equally remote areas of India and Burma, facing similar ethnic tensions, raises security concerns. The resulting presence of Bangladesh military forces, closely associated with Bengali settlers, creates further tensions with the indigenous people.

12. (U) The rapid deforestation of the CHT is part of an alarming global trend. By some estimates, the forested area has shrunk to less than one third its original size, due to both 'managed' and illegal exploitation of its natural resources and the conversion of land for agricultural cultivation by new settlers. In addition to exacerbating the effects of global warming, the permanent loss of the forest will have an economic impact in Bangladesh. To address the urgent political, economic and environmental challenges in the region, USG development programs recently returned to the CHT, for the first time since Bangladesh's independence in 11971. In November, USAID launched the Integrated Protected Areas Co-management (IPAC) project, focusing on promoting equitable economic growth and environmental governance through natural resources management.

DEVELOPMENT PROJECTS

13. (SBU) A team consisting of USAID Program Director, USAID Desk Officer, Embassy Pol-Econ Officer and an official of the Economic Relations Division (ERD) of the Ministry of Finance (the GOB entity that manages all external assistance), recently visited Rangamati District to hold discussions with local CHT leaders about development in the region. Discussions with tribal figures, government officials, non-government organization (NGO) leaders and the resident United Nations Development Program (UNDP) officer revealed serious challenges to the coordination of efforts between

government and indigenous leaders. There is a continuing frustration with the slow pace of the Peace Accord implementation, along with a general consensus in favor of economic development.

14. (U) Launched in November, the IPAC project will operate in two protected areas of the CHT, Kaptai National Park and Pabla Khali Wildlife Sanctuary. Through community empowerment, participatory environmental management and microenterprise value chain projects, IPAC hopes to repeat the success of similar projects elsewhere in Bangladesh, and mitigate the threats to indigenous communities and protected areas. Encroachment by outside settlers continues to threaten the protected areas and affect the environment and livelihoods of the indigenous people.

15. (U) UNDP has been active in the region since 2003, engaging in joint projects across the entire spectrum of government, NGO and tribal organizations. The resident UNDP officer briefed the team on UNDP's five-year (now extended) development program to promote development and confidence building. Projects included health, education, disaster preparedness and microenterprise programs, but a major focus was on activities to maintain the Peace Accord dialogue. The UNDP representative stressed the need to bring various stakeholders together to make reconciliation and development possible. (NOTE: Over the five years ending in September 2009 USAID provided funding for \$3.2 million of the program's \$50 million budget. END NOTE).

16. (U) In addition to visiting UNDP, the Embassy team visited an herbal garden supported by the Arannyak

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Foundation. The Arannyak Foundation was established by the USG and GOB in 2003 as an independent agency through the Tropical Forest Conservation Act (TFCA), passed by the U.S. Congress in 1998. Bangladesh was the first country included under TFCA's Debt-for-Nature program set up to conserve fast disappearing tropical forest resources. At the herbal garden an indigenous community preserves endangered medicinal plants and the knowledge associated with them. Traditional healers identified and discussed the properties of various plants being raised at the site, and community members discussed their lives. The project enjoys some success as a conservation effort, and as a means to organize community action, but the economic viability of the garden is still some time off.

1997 ACCORD STIPULATIONS NOT YET COMPLETED

17. (U) The 1997 Peace Accord ended a long insurgency by indigenous people against the government-sanctioned migration of lowland Bengalis into the CHT. The Accord established the Ministry of Chittagong Hill Tracts Affairs and a CHT Regional Council to govern the three districts of the region. At the district level, Hill District Councils under the purview of the Regional Council replaced existing Local Government Councils. The Accord stipulated that local residents would elect both councils and the councils would allocate seats on the basis of ethnicity, with a minority going to non-tribal permanent residents - Bengalis whose primary address was in the CHT and who had legal title to land there. The Accord also called for the transfer of line ministry departments to the District Councils.

18. (SBU) Because of ongoing disputes over land ownership the identification of non-tribal permanent residents remains ambiguous, preventing the development of voter lists for District Council elections. As a result, the Council leadership to date has been appointed by the central government, not elected by the inhabitants as stipulated by the Accord. In addition, several departments, including the Forestry Department, which is responsible for managing forest

reserve areas, have not yet transferred to the District Councils because of sensitive land issues and associated resource extraction rights which generate revenue for the central government.

LACK OF COORDINATION HAMPERS DEVELOPMENT

¶9. (SBU) As a result, the CHT today is ruled by a bewildering array of poorly coordinated governing structures. The Regional and District Councils are under the purview of the Ministry of CHT Affairs. The Chittagong Divisional and District Commissioners come under the Ministry of Local Government, Rural Development and Cooperatives, and the departments not yet transferred to the District Councils report to their line ministries. Even though the departments implement development programs, there is a separate, multi-disciplinary entity established for that purpose, the Chittagong Hill Tracts Development Board (CHTDB). It is often unclear which entity, the departments, the CHTDB, or the District Council, has authority in a particular case. In addition, a traditional tribal governance structure still exists. Finally, a number of NGOs operate in the region, with varying degrees of coordination with government players. The CHT is, therefore, a case of untenable administrative pluralism. The competing interests, tensions and reticence among these entities, often compounded by ethnic divisions, make it very difficult to set meaningful economic development in motion.

¶10. (SBU) These challenges were evident in several meetings the Embassy team conducted with GOB officials and NGOs. The District Commissioner convened a large meeting with the team, where local government officials, mostly Bengali, lined one side of the conference table, and local NGO representatives, mostly from the Chakma tribe (the largest indigenous ethnic group), lined the other. The NGOs discussed grassroots development issues such as education, local empowerment and microenterprise, while the government officials generally expressed interest in conventional development projects, such as roads and dams, with less regard for environmental and social consequences. The District Commissioner highlighted

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the isolation of many CHT communities and called for the construction of more roads throughout the region, a prospect that would undoubtedly accelerate the pace of illegal logging and further degradation, and exacerbate tensions between indigenous people and settlers. The local head of the Fisheries Department discussed plans to build three dams for fisheries projects. The officials also expressed confusion and ignorance about the activities of the NGOs.

¶11. (SBU) Very few of the natural resources traditionally used by the Chakma are legally under their management. Prior to Bangladesh's independence the Pakistani authorities sanctioned indiscriminate logging of high-value timber, often to fuel development in West Pakistan. Built in the 1960s, the Kaptai Dam flooded valuable Chakma territory as well as the Chakma King's palace. After independence, land settlement policies continued to promote 'productive use' of land, did not recognize traditional forest rights, and encouraged Bengali settlers to encroach on the traditional lands of the hill tribes. Land disputes between Bengalis and indigenous people continue to fuel tensions as people compete for space and livelihoods from the natural resources of the region.

REGIONAL AND DISTRICT COUNCILS SHOW DIFFERENCES

¶12. (SBU) The Embassy team also met the Chairman of the CHT Regional Council, Jyotirindra Bodhipriya (Shantu) Larma, a hero of the tribal insurgency and an outspoken proponent of

indigenous interests. He criticized the continuing military presence in the CHT, describing the army as the de facto rulers of the area. He complained that the implementation of the Peace Accord was long overdue and he lamented the lack of real control by the Regional and District Councils, especially in critical areas such as forestry and land management. He expressed support, in principle, for agro-forestry development projects, such as IPAC, but was skeptical of their success until a legitimate local government administration was in place. He said he would not welcome any project that contradicted the goals of the Peace Accord. The conflict over who had ultimate control over natural resources underlay his lack of enthusiasm for any development program that would appear to tip the balance of power and legitimacy in favor of the central government and relevant line ministries.

¶13. (SBU) A separate meeting with the Chairman of the Rangamati District Council had a much more conciliatory, if less substantive, tone. The Chairman, a Chakma appointed by the CHT Ministry, felt that development projects should proceed even while political issues remained unresolved, in sharp contrast to the views of the Regional Council Chairman.

He discussed the transfer of government departments to his authority as though progress was satisfactory. Not once during the discussion did he mention the Regional Council Chairman, and it was apparent the two leaders rarely communicated.

CONSERVATOR OF FORESTS IN NAME ONLY

¶14. (SBU) On the final day of the visit, the team met the Conservator of Forests, the Forestry Department's senior local official, who discussed challenges to managing the protected areas. He said the Forestry Department had little control over who entered the forests, and illegal logging was a chronic problem. Wildlife was threatened by habitat loss and occasional poaching. He said he welcomed the partnership of USAID and IPAC in conservation efforts. The Conservator, a Bengali, said the Department enjoyed a good relationship with the indigenous people, though not always with their leaders. He discussed the economic benefits the GOB derived from the protected areas, quoting annual taka figures of receipts from sales of bamboo, confiscated illegally-cut timber, and other forest products. Bamboo is the primary source of revenue for maintaining the Forestry Department and is one of the principal sources of cash income for people living in the forest areas. Rough estimates provided by the Forestry Department officials suggested that revenues generated by the lucrative CHT operations may even go to subsidize forestry operations elsewhere in the country.

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¶15. (SBU) Lacking a strategic approach to the management of the protected forest areas, the Forest Department's primary function appeared to be to manage the government's exploitation of forest resources in a variety of revenue generation schemes. Some of these practices, such as the auctioning of confiscated timber, may even create perverse incentives exacerbating, rather than halting, environmental degradation. Interestingly, the Forest Department does not charge fees for services to commercial interests, such as source certification for legal timber from commercial plantations or the provision of transport documents. Local Forestry Department personnel do not engage in planning activities related to conservation management.

CHT LEADERS DISCUSS FUTURE

¶16. (SBU) After returning to Dhaka, Pol-Econoff met with two prominent figures in CHT political life. Barrister Devasish

Roy, popularly known as the Chakma Raja, is the hereditary ruler of the Chakma tribe. He served the recent caretaker government as the Chief Adviser's Special Assistant for CHT Affairs, and continues to serve as the Chakma Circle Chief in the CHT's tribal governance structure. Mr. Dipankar Talukdar is the new State Minister for CHT Affairs under the new Awami League government. A Chakma native of Rangamati, Talukdar was a leader in the Awami League's student wing in the early 1970s and has had a continuous affiliation with the party ever since, serving as a member of parliament in the previous Awami League government from 1996 to 2001. Both Roy and Talukdar were active in the negotiations leading to the 1997 Peace Accord.

¶17. (C) Articulate and urbane, Roy discussed the military presence in the CHT, potential fissures in the tribal community, and the need for land reform. Citing security concerns along the Indian and Burmese borders, he acknowledged the need for a certain level of military presence, but decried the overwhelming presence now in the region. Closely identified with Bengali settlers, the military could not act impartially in conflicts between settlers and indigenous people, he maintained. Roy discussed rifts among the tribal people, noting there were several different groups that participated in the insurgency whose identities continued to this day. He suggested that Shantu Larma, though still an important figure, may be losing stature in the eyes of indigenous people, who perceived little improvement in their lives as a result of his leadership. He noted that land reform was imperative if economic development were to take place, citing evidence that education levels in the region were directly related to land ownership.

¶18. (C) State Minister Talukdar discussed the slow implementation of the Peace Accord, sharing many of the frustrations of Shantu Larma, but with a measured sense of optimism. The Peace Accord was signed during a previous Awami League government, but languished under the subsequent regime led by the Bangladesh National Party (BNP). The BNP, he said, had no interest in advancing the rights of indigenous people, and was hostile to the Peace Accord, and the caretaker government of 2007-2008 was too distracted by other crises to make meaningful headway. Now that the Awami League was again in power the opportunity was ripe to make progress on the Peace Accord. Numerous obstacles remained, however. The first steps would be to appoint key people involved in the process, a difficult task given the potential political pitfalls, as well as the physical hardship of working in the region. Finding bold leaders willing to commit themselves for the long term would be a challenge. Talukdar emphasized the urgent need for development in the CHT and expressed hope that USAID and other donors would advance their programs in the region, even while political issues remained unresolved.

COMMENT

¶19. (SBU) The factors that influence social and political developments in the CHT are complex, involving ethnic identity, environmental degradation, economic sustainability, military-civilian relations, and border security. All these factors have important implications for the economic

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development, political stability and security of the region; and for Bangladesh as a whole. To maintain stability the indigenous people as well as the non-tribal residents must feel a sense of empowerment and control over their livelihoods and cultures. There is an urgent need therefore, to direct more development resources to the region and to ensure that the Peace Accord gains and maintains momentum. Post will continue to closely monitor developments in the CHT and remain engaged with its diverse cast of players.

